

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Periodic Reporting  
(Proposals One through Five)

Docket No. RM2012-5

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued July 13, 2012)

To clarify the record concerning its proposals in this proceeding, the Postal Service is requested to provide written responses to the following questions. Answers should be provided as soon as possible, but no later than July 23, 2012.

Proposal One

1. According to the Postal Service, had it used Proposal One for FY 2011, the resulting unit delivery cost would have been 11.285 cents for all Standard Mail Carrier Route shapes combined using data by shape from public folder 19 in the FY 2011 Annual Compliance Report (ACR).<sup>1</sup> The Postal Service plans to implement this proposal, if approved, using Carrier Route mail's delivery costs reported in Cost Segments 6, 7, and 10 of the Public Cost Segments and Components Report as a substitute for costs currently reported in public folder 19. These costs are contained in public folder 2 of the FY 2011 ACR.
  - a. Please compute a unit delivery cost for Carrier Route mail equal to 11.285 cents using the excel files in public folder 2, FY 2011 ACR.
  - b. If the computation requires linking to cells from more than one worksheet or workbook, please include the links for all computations.
  - c. Please provide a brief "walk-through" of the computation.

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposals One through Five), June 26, 2012 (Petition).

### Proposal Three

2. Please identify the In-Office Cost System (IOCS) question(s) that allows the Postal Service to identify whether or not a mailpiece with either COD, Certified Mail, or Insurance is handled in Registry cages. If no question currently exists, please explain what measures will be taken to allow IOCS to correctly report the costs.
3. The following question refers to “Table 3: Change in IOCS due to changes in encirclement rules....”
  - a. For each number provided in Table 3, please provide the source documents relied upon and show the derivation of the values shown in the columns titled: “Original” and “Proposed.”
  - b. Please explain why the sum of the differences between the columns labeled “Original” and “Proposed” is not zero and identify where the difference is applied.

### Proposal Four

4. The Postal Service proposes to eliminate IOCS codes that are no longer used for costing.
  - a. Please describe (i) the original purpose of these activity codes in the IOCS system, and (ii) the reason these codes are no longer required for costing.
  - b. Please provide any changes in the IOCS questionnaire and SAS computer program along with SAS output.
5. Please refer to the proposal with regard to adding a new operation code for Managed Mail Distribution in the IOCS.
  - a. Please explain the relevance of the distinction between Managed Mail Distribution and other schemes to the Cost and Revenue Analysis if this change has no impact on the costs of any products.

- b. Please provide any changes in IOCS data collection procedure, IOCS questionnaire, and SAS computer program along with SAS output.
- 6. The Postal Service proposes to combine Outgoing Primary and Outgoing Secondary Distribution into one code.
  - a. Please discuss (i) the original purpose of this distinction in the IOCS data system, and (ii) the reason that such distinction is no longer required.
  - b. Please describe how this change will be implemented, including any changes in the data collection procedure, IOCS questionnaire, and SAS computer program. Also, please provide the SAS program and output associated with this proposed change.
- 7. The Postal Service proposes to add new activity codes for Parcel Lightweight and to revise the codes for First-Class Mail Parcels, and Irregular Parcels and Pieces.
  - a. Please provide any changes in the IOCS questionnaire and SAS computer program along with SAS output.
  - b. Do these changes have any impact on the costs of First-Class Mail and/or competitive products? If so, please provide the cost impact of these changes, including the current IOCS tallies and tallies after the implementation of the proposed changes. If not, please explain.

#### Proposal Five

- 8. Please explain the criteria used in determining the quarterly sample size to be 550.
- 9. The appendix attached to the Petition states that the primary sampling units are selected according to probability proportional to size. Appendix at 1. It also explains that a fixed sample size of 25 is obtained from the third stratum, and the remaining 525 units are allocated between the first and second strata in proportion to each stratum's total second-stage sampling unit count. *Id.* at 3.

- a. Please provide the quarterly sample size by stratum (mail processing, non-processing, and other).
  - b. Please explain the justification for using a fixed sample size of 25 for the third stratum as opposed to applying a probability sample that is proportional to size.
10. Please provide all required input data, the computer program used for expanding sample data and generating the quarterly distribution key, the documentation of the statistical and computer program, and output of the estimation process.
11. Please provide the quarterly coefficients of variation and confidence intervals for TRACS-VSD estimates.

By the Chairman.

Ruth Y. Goldway